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Shanghai Business Etiquette

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Report Highlights:

As the world's most populous country, China is fast emerging as a strategically important market for many U.S. businesses. Understanding and practicing Chinese etiquette is one of the keys to a successful business experience in China. Generational change and increasing exposure to global media are transforming the veneer of Chinese culture. Beneath the surface, however change is more gradual. ATO/Shanghai has identified a few basic observations and suggestions for visiting American business people.

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Chinese Business Etiquette

As the world's most populous country, China is also fast emerging as one of the most important markets for many U.S. businesses. Home to nearly one-quarter (1.3 billion) of the world's population, this nation is also one of the world's fastest growing markets and as such attracts business people seeking new opportunities.

Prior to discussing Chinese business etiquette, it is useful to examine some aspects of Chinese culture that it is based on.

Some fundamentals about Chinese culture:

Although there are large and important regional differences, Chinese culture can be seen as sharing a set of core values, which underlie social interaction throughout daily life. Four key features are emblematic of China's basic cultural values:

- (a) Respect for age and hierarchical position;
- (b) Group (rather than individual) orientation;
- (c) The concept of face; and,
- (d) The importance of relationships

Much of the business etiquette of China and Shanghai draws on the above four key features. With this in mind, here are several tips for effectively communicating with business contacts and new friends in Shanghai:

1) Establishing and keeping personal relationships

Personal relations ("guanxi" in Chinese) are a bigger factor in getting things done in China than in the United States. In business, relationships are important as most agreements rely more on trust between parties than fully articulated, legally enforceable contracts.

When you begin to do business with Chinese people, it is suggested that you make friends with them first. This implies some investment of time. It is usually worthwhile to impress on your Chinese customers your good character, rather than trying to impress them on the merits of your product. Tolerance, integrity, honesty, sincerity and a little bit of humor can help you set up a stable, constant and long-term working relationship with your Chinese partners.

Learning some greetings in Mandarin can also help you quickly get close to your Chinese partners, even if you are doing business in Shanghai where most business people use Shanghaiese. Those foreigners who can speak even a few words of Chinese will impress Chinese counterparts. This is because they equate the willingness to learn Chinese with a serious commitment to China. Even one or two words will make a good impression, even if they aren't pronounced entirely correctly. Chinese business people generally feel more comfortable with those who have taken the time to learn a bit about China. Also, they will most likely be quite well informed about America. Don't be surprised if your host speaks passable or even excellent English, but insists on using an interpreter. If possible, summoning up a few Chinese greetings during your first meeting will be helpful in setting the mood for a good relationship with your Chinese counterparts.

Some useful Chinese phrases: (Note: most hotels have short lists of survival phrases, as do all the major guidebooks. Just remember, don't be bashful but be prepared not to be understood.)

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Nin hao - How do you do?

√ √ - \ \ \ /
Wo hen gaoxing ren shi nin - Nice to meet you

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Xiexie - Thank you

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Qing zuo - Sit down, please

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Zai jian – Goodbye

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He Zuo Yu Kuai - Nice to cooperate with you

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Gan bei- Cheers (literally: “dry cup,” i.e., you will likely prompt your host/dinner guests to drain their glass. It is not recommended to attempt this procedure with a large glass.)

Beating Around the Bush

Understanding the Chinese way of thinking can help you avoid unnecessary complications and misunderstandings and maintain good relations with your Chinese partners. Most Chinese people are basically reserved, and accustomed to thinking in roundabout ways. In Chinese culture, negative replies are considered impolite, so if your Chinese customers keep silent or just give you “may be,” answers, please don’t assume that they are not sincere or disinterested. When your Chinese counterparts smile and politely say, “No big problem” or “The problem is not serious,” they usually mean, “There are still problems”. Some westerners complain that it is difficult to determine what the real problem is from a Chinese person. This is because, in Chinese culture, bringing “trouble” (a problem) to or sharing the “trouble” with other people is impolite. Therefore, Chinese people are instinctively comfortable in telling you the positive part, while avoiding the negative part. Likewise, issues that may be clearly related in your mind may be completely unconnected as far as your counterpart is concerned. If it turns out that something important has been left out, this does not necessarily mean that they are being deliberately deceptive: they genuinely may not think it is relevant. This makes checking for understanding a necessary part of every business interaction: be prepared to spend time going over the details.

It is Better to Give Than Receive: the Concept of Face

Considering the concept of face is another important factor in maintaining good relations with your Chinese partners. The concept of face is sensitive and complicated. Taking into account different personalities and ways of thinking, Chinese people generally prefer the passive to the aggressive, and to bury their feelings rather than express them openly. Losing face is a humiliating experience - especially in a business context. In the most extreme cases, losing face once could mean losing business with that client or contact forever, as such an embarrassment would not be forgotten. This is particularly true for senior officials who might be embarrassed in front of more junior colleagues. So, when you run into problems, either in meetings or on the street, raising your voice to solve a bad situation will generally only make things worse. Avoid losing your temper or criticizing China. Likewise, it’s a good

idea to avoid political discussions. Note that face isn't just lost, but can be given. When you publicly thank your counterparts for their cooperation, or toast them at a banquet, you give them face and help to cement the relationship.

2) Making appointments

In general, the best times for scheduling appointments are April to June and September to November. However, ATO Shanghai notes that increasingly U.S. business travelers are coming all 12 months of the year. When scheduling your appointments, be sensitive to major holidays such as Chinese New Year (i.e., Spring Festival), May Day, and Golden Week (National Day, Oct 1). During these holidays many businesses will be closed for up to a week or more. Dates of these holidays vary from year to year, so be careful to check on the exact dates before scheduling an appointment. Being late for an appointment is considered impolite in Chinese business culture. Traffic conditions have deteriorated in most cities, however, so flexibility is a must when hosting a potential Chinese customer, as they may get caught in traffic.

3) Working hours

Business and government hours are 8:30 a.m. to 5:30 p.m., Monday through Friday. Avoid plans to visit government offices on Friday afternoon, because this period is sometimes reserved for "political studies". Food and meals are a central part of Chinese culture, so most Chinese enterprises take a break between 12:00 noon – 2:00 p.m. Practically everything shuts down during this period, sometimes including office phone/messaging service.

4) Business Attire

Traditionally, conservative suits and ties in subdued colors were the norm. Women wore conservative suits or dresses, and flat shoes or low heels were the main footwear options. High heels were acceptable only for parties or receptions. Things change, however and today Shanghai is fast regaining its title as Pearl of the Orient, a place where fashions for both men and women are current. The norms of business culture in cosmopolitan cities other than Shanghai are changing as well. As a general rule, however, formal dress is a sign of respect for your counterpart. It is not advisable to adopt casual dress until you've established a business relationship.

5) Bring small gifts

It is useful, but not absolutely necessary, to give small gifts to your Chinese customers during meetings or meals. Items that are not expensive and are representative of your company or organization are best. Some examples: items with your corporate logo (mug, pen, key chain, etc.), or a book (with pictures) of the region where your company is based. Gifts should be given or exchanged at the end of the first meeting, or at the end of your stay in their city. Don't expect your Chinese customers to unwrap your gifts in front of you, since they may not be accustomed to this practice. If you are presented with a gift, accept it and thank your host. It is not necessary to unwrap the gift immediately.

6) Bring name cards

Name cards are an essential part of living and doing business in China. Whether your visit is for business or pleasure, you should carry a good supply of name cards with you at all times. Try to remember to accept and offer cards with both hands; this is the polite form of exchange. After exchanging the name cards, don't put them away immediately. You should

look at them for a few seconds and then put them on the meeting table in front of you. After the meeting, be sure to collect all the name cards for your records and future reference.

It would be better for you to give your Chinese customer a bilingual Chinese-English card. If you don't have bilingual cards, you can ask a local Chinese company to print one or two boxes for your temporary use. We recommend that you have a Chinese name on your name cards, as this will help those who do not speak English well, but wish to address you by name. Most business centers in major hotel chains offer quick-delivery name card printing services, and they can assist in the selection of a Chinese name.

7) Pay attention to small details when you see your Chinese counterparts for the first time

Generally speaking, shaking hands and changing name cards is the common way to begin a first meeting with your Chinese counterparts. Don't be too demonstrative, e.g., don't try to hug or kiss your Chinese counterparts, as this will most likely cause embarrassment. Laughing loudly is generally not polite or appropriate when people meet each other for the first time. Try not to be too talkative, but be sure to take an interest in what your host has to say. Give your host a chance to bond with you, but expect your host to be more reserved in a business setting than is common in the United States.

8) Business meetings

In accordance with Chinese business protocol, people are expected to enter the meeting room in hierarchical order. For example, the Chinese will assume that the first foreigner to enter the room is head of the delegation.

During the business meeting, it would be beneficial to bring your own interpreter, to help you understand the details being discussed. In order to express your opinion clearly and let your Chinese partners easily understand you, speak in short, simple sentences free of jargon and slang. Pause frequently so that people will be able to understand everything you've said.

Making presentations is very normal in a business meeting, so be sure to have enough copies of your briefing materials ready for distribution. Try to have them translated into Chinese.

Except for those educated in the West, Chinese businesspeople largely rely on subjective feelings and personal experiences in forming opinions and solving problems.

At the end of a meeting, you are expected to leave before your Chinese counterparts.

9) Comprehending the necessity of working lunches and dinners

Generally speaking, business breakfasts are not a part of Chinese business culture, except in Guangdong and Fujian provinces where the "Morning Tea" is popular.

Business lunches and dinners, however, are a very important feature of Chinese business culture, and will be common during your stay in China. Participation is strongly recommended, since this is where your Chinese counterparts get to know you, and exchange information (e.g., competitor information) that was not presented in the formal meeting. This is where you establish "guanxi" with your counterpart and begin to build trust. Count on attending banquets arranged by your host. As a guest, you should return the favor, if feasible. If not possible on this visit, consider doing so on your next trip or when your Chinese counterparts come to the United States, but be sure not to miss the opportunity. In China, people tend to eat early. Lunch begins from around 11:30 a.m. to noon, while dinner

is served from 6 p.m. onwards. It is better not to serve alcohol before the meal. It is also important to articulate any food preferences. You should not feel pressured to eat or drink something you don't like, or to drink more than you feel comfortable drinking. Work out the seating arrangements in advance, making sure to place the senior figure from each side next to one another with an interpreter, as necessary. Generally, the seat in the middle of the table, facing the door (i.e., 12 o'clock), is reserved for the host. The most senior guest of honor sits directly to the left (i.e., 1 o'clock).

At a meal, wait for your host to make the first toast before drinking. If you wish, you might then offer a brief return toast. In fact, toasting can be a good opportunity to 'give face' to other members of the group, though care should be taken not to detract from your host. It is polite to use both hands when offering or receiving anything. Once the meal is over, it is not expected that either the guests or host will linger.

10) Behave yourself on informal occasions

Social occasions are worthwhile in order to improve team spirit. Your presence will show your human face, but remember that staff will expect you to act as a leader, even in an informal setting.

Conclusion:

As a visitor to China, it is polite to show respect for local customs. If you want to learn more please see ATO Shanghai's **Business Travel in China** (CH4836) report, and our **Exporter Guide** (CH4824).